

## Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
2010	<b>Warehouse Operations</b>	Issued:	<b>10/31/2019</b>	
1A	The Purchasing Director should ensure the Warehouse Manager requires staff handling the inventory transactions to input them directly into SmartStream as they occur to increase accountability and efficiency.	May 2020: The Purchasing Director reported the Warehouse Manager is currently looking at automated inventory systems that update inventories, provide transaction receipts and help manage inventory data. And Warehouse is now providing a copy of the handwritten receipt for the department staff receiving the items. Auditors reviewed transactions and determined that, in the meantime, changes have not yet been made for better transaction entry control. Sept 2020: The department did not report significant change since the previous update, due to the Warehouse's focus on pandemic response (such as PPE, sanitization supplies, etc.). March 2021: The department is not requiring staff to directly input transactions but is now requiring staff to issue duplicate receipts for transactions. The department will continue to look into automating electronic receipts to replace the paper receipts now being used.	Implemented	<input checked="" type="checkbox"/>
1B	The Purchasing Director should ensure the Warehouse Manager requires staff to issue receipts to assist departments in reviewing supply usage and appropriately document returns and refunds with transaction and requester details for manager approval.	May 2020: The Purchasing Director reported the Warehouse Manager is currently looking at automated inventory systems that update inventories, provide transaction receipts and help manage inventory data. And the Warehouse is now providing a copy of the handwritten receipt for the department staff receiving the items. Policies and procedures have not been updated to require supporting documentation for returns and refunds. Sept 2020: The department did not report significant change since the previous update, due to the Warehouse's focus on pandemic response (such as PPE, sanitization supplies, etc.). March 2021: The department is now issuing receipts for transactions, and refund documentation has been improved. The warehouse manager will continue to work on establishing procedures for required documentation and supervisory review of returns and refunds.	In Progress	<input type="checkbox"/>

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1C	The Purchasing Director should ensure the Warehouse Manager adopts policies and procedures to ensure that inventory counts are conducted and documented properly, including documentation of inventory adjustments and management approval.	May 2020: The Purchasing Director reported the Warehouse is now completing full quarterly inventories rather than an annual inventory. Further, written procedures will be developed after an automated inventory system is added. Auditors noted that for the one quarterly inventory completed, no variance adjustments were entered into the system. Sept 2020: The department reported that quarterly inventories were put on hold due to the Warehouse's focus on the pandemic response. They expect to resume the inventories during this quarter. Policies and procedures will be reviewed after a Warehouse manager is hired. March 2021: Policies and procedures have not yet been developed, but based on review of the February 2021 counts, the department has improved its inventory processes. May 2021: Auditors reviewed the department's new inventory procedures.	Implemented	<input checked="" type="checkbox"/>
1D	The Purchasing Director should ensure the Warehouse Manager requires staff to modify the inventory system information so that the item units match the units that are typically issued.	May 2020: The Purchasing Director reported that Warehouse will now be requiring departments to take the entire unit (e.g., box of batteries, case of paper towels) to enhance inventory controls and efficiency. Auditors reviewed the updated units of measure in the inventory system for batteries.	Implemented	<input checked="" type="checkbox"/>
2A	The Purchasing Director should ensure the Warehouse Manager obtains documentation of all jewelry that the contracted appraiser has reviewed; implements appropriate segregation of duties including assigning an employee who is not involved with the auctions to serve as an independent asset custodian; uses a dual custody safe to store valuable items; verifies counts and descriptions of surplus IT items when they are received and documents any discrepancies; and documents the source of any additional items that are included in the auctions.	May 2020: The Purchasing Director reported that, with the Police Department's cooperation, documentation of surplus property transfers has improved. Further, the dual custody safe has been implemented, and an auction company that specializes in technology items and other items requiring additional security protocols has been identified for potential use. Auditors noted that the Warehouse has not yet ensured the jewelry appraiser signs off on all items reviewed. Sept 2020: Due to the Warehouse's focus on pandemic response (such as PPE, sanitization supplies, etc.), the department discontinued picking up surplus property. They anticipate making progress on improvements in 2021. March 2021: The department still needs to update its jewelry appraisal processes and is working to further improve its technology surplus intake process.	In Progress	<input type="checkbox"/>

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2B	The Purchasing Director should ensure the Warehouse Manager maintains an inventory of Fleet vehicles received for auction, records the date on which the vehicles are received by the Warehouse and discontinues the practice of issuing open vehicle titles.	May 2020: The Purchasing Director reported that the department is now tracking vehicles received from Fleet and title handling procedures are being developed. Auditors verified the vehicle inventory tracking sheet includes when the vehicle was received from Fleet. Sept 2020: The department did not report significant change since the previous update. However, surplus Fleet sales were temporarily suspended due to the pandemic and Warehouse's focus on pandemic response (such as PPE, sanitization supplies, etc.). March 2021: The department is keeping vehicle titles secured, but still needs to follow up with the City Attorney's office regarding use of open titles. May 2021: The City Attorney's office confirmed the Warehouse can continue issuing open titles.	Implemented	<input checked="" type="checkbox"/>
2C	The Purchasing Director should ensure the Warehouse Manager requires buyers to submit appropriate documentation before granting tax-exemptions and appropriately maintains the documentation in Warehouse files.	May 2020: The Warehouse is working to develop an organized process to document tax-exempt certificates from the buyers. Sept 2020: The department did not report significant change since the previous update. However, surplus property sales have been temporarily suspended due to the pandemic and Warehouse's focus on pandemic response (such as PPE, sanitization supplies, etc.). March 2021: Auditors verified that all bidders' tax-exempt status has been removed and selected a tax-exempt transaction to confirm appropriate state-issued tax-exempt documentation was retained.	Implemented	<input checked="" type="checkbox"/>

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2D	The Purchasing Director should ensure the Warehouse Manager modifies the auction terms to note when refunds may be given. In addition, the Warehouse Manager should require any refund request to be submitted in writing and properly documented in accordance with AR 268, Cash Handling.	May 2020: The Purchasing Director reported that modified auction terms have not yet been drafted. They are considering the refund process, including updated terms and conditions, standardized request forms, and updated procedures. Sept 2020: The department did not report significant change since the previous update. However, surplus property sales have been temporarily suspended due to the pandemic and Warehouse's focus on pandemic response (such as PPE, sanitization supplies, etc.). Also, policies and procedures will be reviewed when a new Warehouse manager is hired. March 2021: The new Warehouse manager is evaluating auction terms with revisions expected by May 2021; policies and procedures for refunds are not yet developed. May 2021: Auditors reviewed the draft procedures and recommended improved documentation and separation of duties.	In Progress	<input type="checkbox"/>
2E	The Purchasing Director should ensure the Warehouse Manager takes responsibility for destruction and disposal of all City surplus property as required in City Code, including developing or contracting a method for secure destruction of surplus technology items that cannot be sold and managing the auctions of any unclaimed vehicles released through Police Property & Evidence.	May 2020: The Purchasing Director reported that secure destruction is a consideration for the additional auction service provider. As well, a City IT representative has been included on the cross-department committee formed to examine and approve the controls. Sept 2020: The department did not report significant change since the previous update. However, surplus property collection and sales have been temporarily suspended due to the pandemic and Warehouse's focus on pandemic response (such as PPE, sanitization supplies, etc.). March 2021: The new Warehouse manager will work with City IT and the Police department to establish approved destruction procedures. As well, the manager will review processes being used by other departments to auction items.	In Progress	<input type="checkbox"/>

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2F	The Purchasing Director should ensure the Warehouse Manager establishes longer hours for buyers to pick up auction items, sets reserve amounts for more valuable items, and requests departments to submit more specific descriptions of auction items.	May 2020: The Purchasing Director noted that the current auction provider highly discourages reserve amounts. However, they will experiment with a few auction items to directly determine the impact. Establishing longer pick-up hours has not been considered viable yet given a staff vacancy but may be reassessed once staffing returns to normal. Sept 2020: The department did not report significant change since the previous update. However, surplus property sales have been temporarily suspended due to the pandemic and Warehouse's focus on pandemic response (such as PPE, sanitization supplies, etc.). March 2021: The new Warehouse manager reported that hours have not been extended but may in the future. Also, buyer pickup procedures have been updated to be more efficient, and a new department surplus form has been created.	In Progress	<input type="checkbox"/>
3	The Purchasing Director should ensure the Warehouse Manager establishes a method to make City departments aware of available surplus items and maintains an inventory of surplus items as they are received and disposed.	May 2020: The Purchasing Director reported that staff made improvements to the department's Sharepoint site and items are now published for longer periods. Further enhancements are planned to incorporate photos, interest cards and activity tracking to promote continued use of the system. Auditors noted that only 3 items have been posted to the site in 2020. Sept 2020: The department did not report significant change since the previous update. However, the department has temporarily suspended surplus pickups due to the Warehouse's focus on pandemic response (such as PPE, sanitization supplies, etc.). March 2021: The new Warehouse manager will evaluate guidelines for the types of surplus to be held for internal use versus being auctioned and the period of time the items will be available. May 2021: Auditors reviewed the new policy guidelines.	Implemented	<input checked="" type="checkbox"/>

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4A	The Purchasing Director should ensure the Warehouse Manager maintains an inventory of items stored for other departments and annually reviews the inventory with those departments to determine whether the items should continue to be stored, be made available to other departments, or be disposed through the auction.	May 2020: The Purchasing Director reported that a cross-departmental committee was formed to examine the warehousing responsibilities. Policies and procedures have not yet been developed regarding inventory, physical security and access responsibilities. Sept 2020: The department did not report significant change since the previous update. The cross-departmental committee has been temporarily suspended until the Warehouse manager is hired and pandemic mitigation efforts subside. March 2021: While this project is still delayed by pandemic priorities, the new Warehouse manager plans to conduct a full inventory of all stored items and review these with the applicable departments.	In Progress	<input type="checkbox"/>
4B	The Purchasing Director should ensure the Warehouse Manager after informing the affected departments, discontinues shipping for other departments unless there are special requirements that can only be handled by Warehouse staff.	May 2020: The Purchasing Director reported that the cross-department committee will be used to consider the priority of shipping services among those provided to internal customers. Sept 2020: The department did not report significant change since the previous update. The cross-departmental committee has been temporarily suspended until the Warehouse manager is hired and pandemic mitigation efforts subside. March 2021: The new Warehouse manager is reviewing the centralized shipping process.	In Progress	<input type="checkbox"/>